



Australian Unity Office Fund Property Portfolio

June 2021

(ASX: AOF)

**Australian
Unity** 
Real Wellbeing

Property Portfolio

As at 30 June 2021

Market	Property	State	Independent Valuation (\$'m)	Capitalisation rate (%)	NLA ⁽¹⁾ (sqm)	WALE ⁽²⁾ (years)	Occupancy (by NLA)
Parramatta	2-10 Valentine Ave, Parramatta	NSW	147.80	5.50%	16,020	1.0	97.3%
Parramatta	32 Phillip Street, Parramatta	NSW	62.75	5.38%	6,759	2.0	100.0%
Macquarie Park	5 Eden Park Drive, Macquarie Park	NSW	73.50	5.50%	11,556	4.0	96.3%
Macquarie Park	2 Eden Park Drive, Macquarie Park	NSW	62.50	5.50%	10,346	2.7	100.0%
Brisbane CBD	150 Charlotte St, Brisbane	QLD	97.00	6.00%	11,081	2.6	97.4%
Adelaide CBD	30 Pirie St, Adelaide	SA	90.00	7.25%	24,665	1.7	96.1%
Melbourne Fringe	468 St Kilda Rd, Melbourne	VIC	79.00	5.25%	11,211	3.9	92.7%
Canberra CBD	64 Northbourne Ave, Canberra	ACT	26.30	7.00%	6,429	3.0	80.2%
Total (T) / Weighted Average (W)			638.85 (T)	5.84% (W)	98,067(T)	2.4 (W)	95.7% (W)

Notes:

(1) NLA means net lettable area

(2) WALE means weighted average lease expiry in years, by gross property income



10 Valentine Ave, Parramatta NSW

Property Overview and Strategy

- A-grade office property comprising 14 levels of office space, located approximately 100 metres from the Parramatta Bus and Railway Interchange and Westfield Parramatta
- Adjacent to the existing building, and on the same title, is a six-level freestanding car park providing parking for 282 vehicles. The existing building and adjacent car park form an island site with no adjacent properties. The car park is the site for the 2 Valentine St development (see following slide)
- Predominantly leased to the NSW State Government (PNSW) who have occupied the property since construction in 1987
- Given the current COVID-19 environment, PNSW are conducting a review of their required office space across Parramatta and other markets.

Strategy:

- Refurbishment to deliver sustainable base building initiatives and superior tenant amenity, including energy efficient base building services, smart lifts, touchless, sensor best in class end-of-trip with bike racks for visitors
- Active leasing campaign to negotiate new lease agreements with prospective tenants including the NSW State Government for current and future accommodation

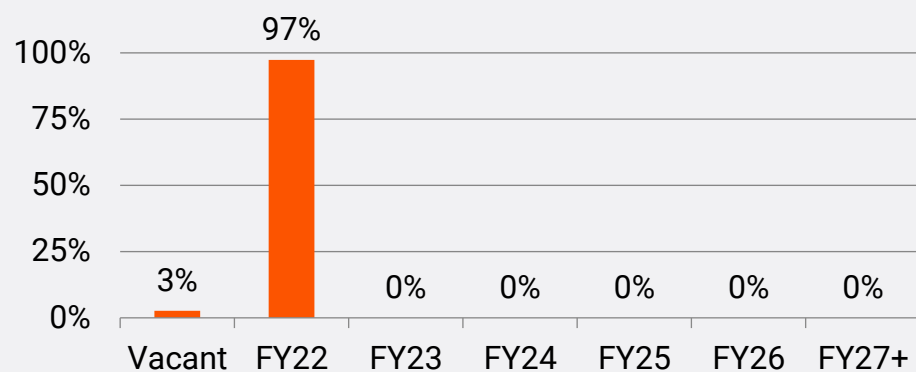
Property information as at

30 June 2021

Book value (including 2 Valentine)	\$147.80m ⁽¹⁾
Capitalisation rate	5.50%
Net Lettable Area (sqm)	16,020
Occupancy (by NLA)	97.3%
WALE	1.0 year
Building constructed	1987
Latest refurbishment	2017

Notes: (1) 2-10 Valentine Ave are all on one title

Lease expiry profile (by NLA)



Major Tenant	NLA sqm	% NLA	Expiry	Rent Review
Property NSW	15,569	97%	30 June 2022	Annual fixed



2 Valentine Ave, Parramatta NSW

Property overview and strategy

- Adjacent to 10 Valentine, Avenue, a development approved office tower which will provide approximately 28,000 sqm of A grade accommodation over 24 office levels with two outdoor terraces
- A further development approval application has been lodged to provide an opportunity to join 2 and 10 Valentine Avenue together into a campus style office accommodation, providing further flexibility
- Well located within Parramatta CBD, approximately 350 metres to Parramatta Bus and Railway Interchange, 400 metres from Parramatta Westfield and 200 metres from Jubilee Park
- Design⁽²⁾ incorporates excellent sustainability credentials, 5.5 star NABER Energy, 6 Star Green Star and a Gold Well rating for the base building for occupancy comfort and wellness
- Typical floors of 1,235 sqm, side core amenity, abundant natural light optimising flexible and collaborative accommodation

Strategy:

- Active leasing campaign seeking pre-commitment to enable approvals to commence construction
- Opportunity to develop as a single property and split the title to increase flexibility (2-10 Valentine all on one title)



6-star
Green star rating



5.5-star
Nabers energy rating



4-star
Nabers water rating



Gold Well
Rating ready (base build)



116
Car spots available



Electric
Bicycle charging points



Stand By
Power available



Electric
Car charging points



Best in Class
End-of-trip facilities,
located on Level 6



Optimised
Daylight penetration



24 Levels
Of PCA A-grade 2019
commercial space with
interconnected villages



1,000sqm
Rooftop solar farm
providing market-leading
energy savings

Notes:

(1) Image is an artist's impression and subject to change

(2) Building inclusions and sustainability metrics are based on current design parameters which are subject to change



32 Phillip Street, Parramatta NSW

Property Overview and Strategy

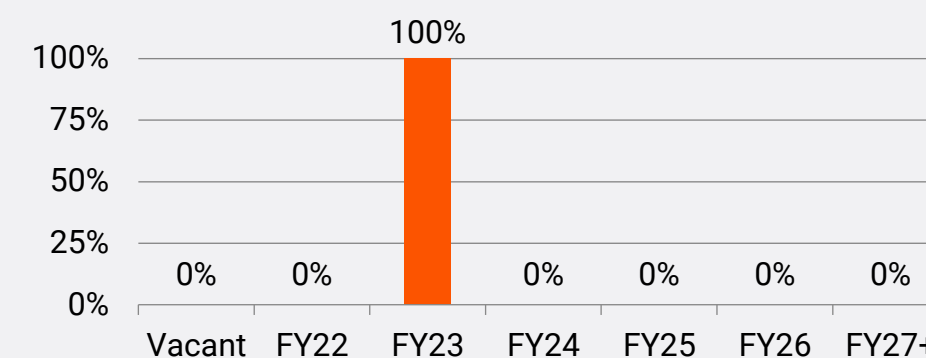
- B-grade office building, comprising 8 levels of office accommodation and 104 car parking bays on levels 1 – 4, located within the northern portion of the Parramatta commercial precinct in close proximity to the Church Street retail strip
- Amenity in the Parramatta market is being enhanced due to the significant Government investment into Parramatta, including the light rail, Metro West rail, proposed Powerhouse Museum and Parramatta City Council's proposed 'Civic Link', a public space and cultural spine connecting Parramatta CBD to the river
- GE has sublet the ground floor and levels 5–10 to various tenants (representing approximately 77% of the NLA)

Strategy:

- Seek to divest asset, taking advantage of supportive market conditions
- Continue with the active management strategy including preparing a detailed refurbishment strategy for a lobby upgrade, end-of-trip and the possibly an enhanced lobby cafe

Property information as at	30 June 2021
Book value	\$62.75m
Capitalisation rate	5.375%
Net Lettable Area (sqm)	6,759
Occupancy (by NLA)	100.0%
WALE	2.0 years
Building constructed	1991
Latest refurbishment	2013

Lease expiry profile (by NLA)



Major Tenant	NLA sqm	% NLA	Expiry	Rent Review
GE Capital Finance	6,759	100%	30 June 2023	Annual fixed



5 Eden Park Drive, Macquarie Park NSW

Property Overview and Strategy

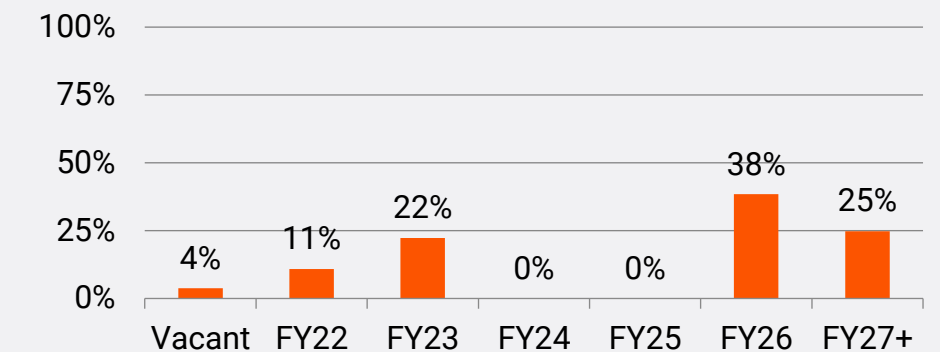
- A-grade modern office and warehouse property comprising three levels of office accommodation and a hi-tech production and warehouse area, in close proximity to the Macquarie Park railway station on the Sydney Metro Northwest railway link
- In August 2020, the CPSA lease was restructured. Saluda has leased Level 1, while Aegros has acquired CPSA and leases the warehouse and production facilities. Both tenants are in growth industries which may result in further expansion into the building
- The Macquarie Park office market is performing well due to the competitive rental on offer in comparison to the CBD and other major metro markets, coupled with solid transport infrastructure and retail amenity. With limited near term supply and significant appeal to tenants in the pharmaceutical, IT and logistics industries, the market appears well positioned

Strategy:

- Active management strategy targeted at addressing tenant retention and vacancy.
- A vacant tenancy on level 3 was sub-divided and both suites speculatively fitted out. The suites have since leased with 100% occupancy post 30 June 2021

Property information as at	30 June 2021
Book value	\$73.5m
Capitalisation rate	5.50%
Net Lettable Area (sqm)	11,556
Occupancy (by NLA)	96.3%
WALE	4.0 years
Building constructed	2004
Latest refurbishment	n/a

Lease expiry profile (by NLA)



Major Tenants	NLA sqm	% NLA	Expiry	Rent Review
Aegros ⁽¹⁾	4,436	38%	30 June 2026	Annual fixed
Saluda Medical	2,592	22%	30 June 2029	Annual fixed

Notes: (1) Contract Pharmaceutical Services of Australia trading as Aegros



2 Eden Park Drive, Macquarie Park NSW

Property Overview and Strategy

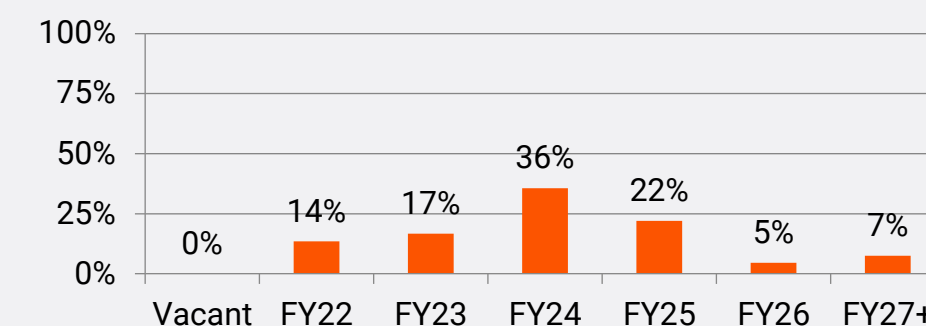
- Industrial complex comprising 16 attached office and warehouse units. The three level office areas are at the front of the property with the warehouse at the rear, split over two levels
- Located in the Macquarie Park business park, within close proximity to the Macquarie Park railway station on the Sydney Metro Northwest rail
- The unique nature of the property, being predominantly small quality offices attached to high clearance warehouse, has meant the property has sustained a relatively high level of occupancy since construction
- The Macquarie Park office market is performing well due to the competitive rental on offer in comparison to the Sydney CBD and other major metro markets, coupled with solid transport infrastructure and retail amenity. With limited near term supply and significant appeal to tenants in the pharmaceutical, IT and logistics industries, the market appears well positioned

Strategy:

- Active asset management targeted at tenant retention and improving the asset's WALE
- Investigate development opportunities given large land holding

Property information as at	30 June 2021
Book value	\$62.50m
Capitalisation rate	5.50%
Net Lettable Area (sqm)	10,346
Occupancy (by NLA)	100.0%
WALE	2.7 years
Building constructed	1999
Latest refurbishment	n/a

Lease expiry profile (by NLA)



Tenant	NLA sqm	% NLA	Expiry	Rent Review
Nuskin Australia	1,427	14%	31 Dec 2024	Annual fixed
Enterix Australia	967	9%	30 Jun 2024	Annual fixed



150 Charlotte Street, Brisbane QLD

Property Overview and Strategy

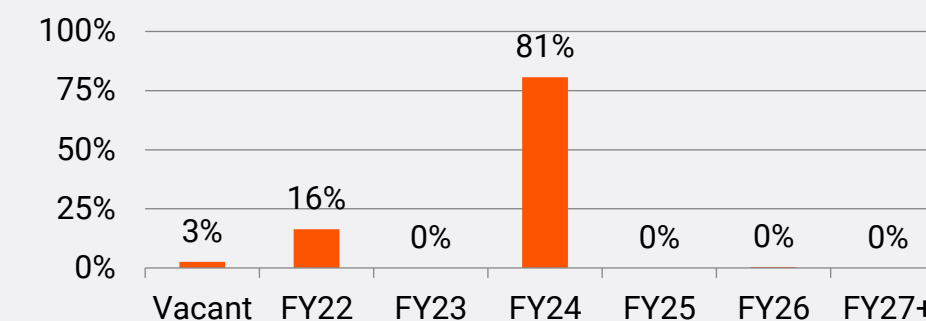
- A-grade office building centrally located in Brisbane's CBD, comprising 16 levels of office space
- The midtown precinct location will benefit from some of Brisbane's largest projects including Queen's Wharf and the Cross River Rail, incorporating the construction of a new train station 200 metres from the asset
- Boeing has recently installed new services in their premisses with an integrated security system and enhancements have been completed in the stair corridors to create better connectivity within the Boeing tenancies
- Three levels of basement parking providing 110 car parking bays

Strategy:

- Maintain strong and active tenant relationship with Boeing Defence Australia and the Commonwealth of Australia to understand changes to their businesses which may alter ongoing or future tenancy requirements. Seek to negotiate long term lease extensions
- Exploring the opportunity for ground floor amenity enhancements and base building lift upgrade

Property information as at	30 June 2021
Book value	\$97.00m
Capitalisation rate	6.00%
Net Lettable Area (sqm)	11,081
Occupancy (by NLA)	97.4%
WALE	2.6 years
Building constructed	1988
Latest refurbishment	2012

Lease expiry profile (by NLA)



Tenant	NLA sqm	% NLA	Expiry	Rent Review
Boeing Defence Australia	8,943	81%	30 June 2024	Annual fixed
Commonwealth of Australia	1,492	13%	30 June 2022	Annual fixed



30 Pirie Street, Adelaide SA

Property Overview and Strategy

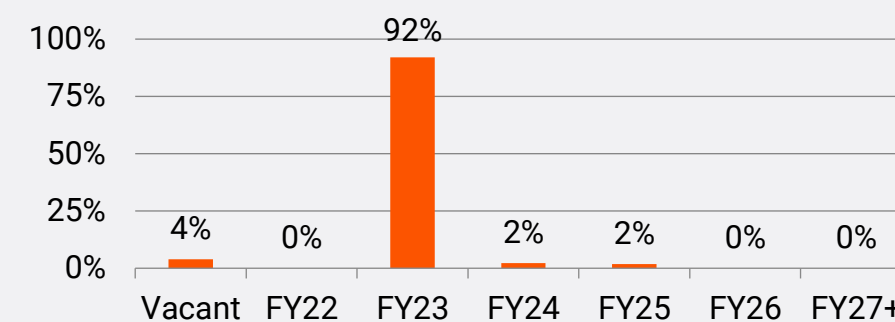
- A-grade office property that is centrally located in Adelaide's CBD, comprising 23 levels of office space
- Building predominantly leased to Telstra, who have occupied the property since its construction in 1987
- Process underway for detailed design for planned major upgrade to enhance buildings offering to the market
- Telstra has sublet a number of floors which expire just prior to Telstra's lease expiry

Strategy:

- Maintain active dialogue with Telstra aiming to renew on their required area. Telstra are currently reviewing their business and occupancy needs and have issued a brief to the Adelaide market for 4,500 – 7,000sqm
- Active leasing campaign for the current vacant space which has been fully refurbished/spec fitted
- Refurbishment strategy underway to create a vibrant forecourt and ground floor lobby introducing state-of-the-art touchless end-of-trip facilities and amenity, including base building lift services upgrade

Property information as at	30 June 2021
Book value	\$90.00m
Capitalisation rate	7.25%
Net Lettable Area (sqm)	24,665
Occupancy (by NLA)	96.1%
WALE	1.7 years
Building constructed	1987
Latest refurbishment	2012

Lease expiry profile (by NLA)



Tenant	NLA sqm	% NLA	Expiry	Rent Review
Telstra	22,717	92%	28 Feb 2023	Annual fixed
Australian Unity Group Services	535	2%	30 Nov 2023	Annual fixed



468 St Kilda Road, Melbourne VIC

Property Overview and Strategy

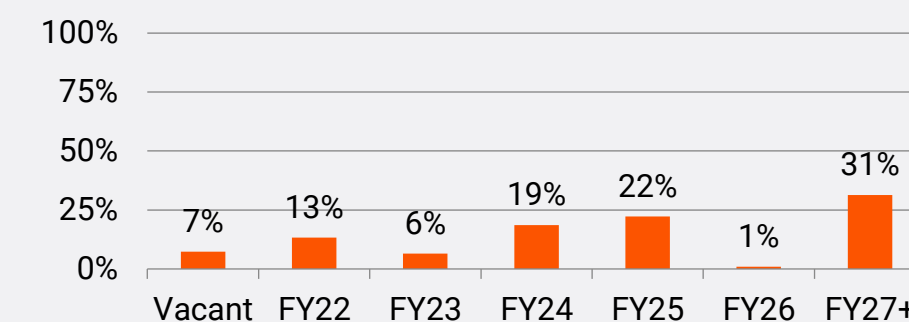
- B-grade office building comprising 13 levels, with refurbishments carried out progressively since 2010. St Kilda Road is one of the largest non-CBD office markets in Australia located approximately 3 kms to the south of the Melbourne CBD providing cost effective office accommodation
- Longer term, the asset will benefit from the Government's metro rail project, due in 2025, with ANZAC station located close by
- There have been no new office developments in the St Kilda Road office market since the mid 1990's and some office buildings in this market have been withdrawn for residential conversion

Strategy:

- Continue with an active asset management strategy, addressing tenant retention and improving WALE
- Active sub-division of floors to attract smaller tenants and reduce vacancy downtimes
- While the existing commercial use is the highest and best use, AOF will continue to monitor this as residential development may present future opportunities

Property information as at	30 June 2021
Book value	\$79.00m
Capitalisation rate	5.25%
Net Lettable Area (sqm)	11,211
Occupancy (by NLA)	92.7%
WALE	3.9 years
Building constructed	1985
Latest refurbishment	Ongoing

Lease expiry profile (by NLA)



Tenant	NLA sqm	% NLA	Expiry	Rent Review
EGA Corporate Advisers	1,269	11%	14 Aug 2022	Annual fixed
ID Property Advisers	901	8%	30 Apr 2022	Annual fixed



64 Northbourne Avenue, Canberra ACT

Property Overview and Strategy

- B-grade property comprising six levels of office accommodation
- Located on a prominent corner in the Canberra CBD within close proximity of the prime retail precinct, the City Bus Interchange and the main station of the Canberra Light Rail Network
- The façade has been repainted to improve the assets appearance

Strategy:

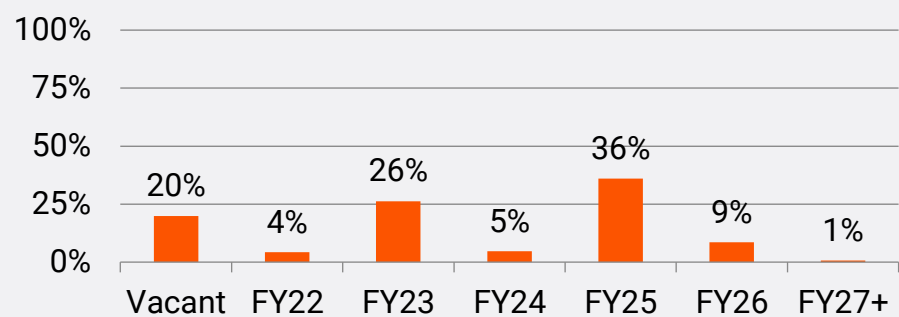
- Active asset management to let up vacant space, including plans to sub-divide vacant floor and speculatively fit out tenancies where appropriate
- Actively pursue a diversified mix of smaller tenants to mitigate future lumpy expiry profile

Property information as at

30 June 2021

Book value	\$26.30m
Capitalisation rate	7.00%
Net Lettable Area (sqm)	6,429
Occupancy (by NLA)	80.2%
WALE	3.0 years
Building constructed	1985
Latest refurbishment	2012

Lease expiry profile (by NLA)



Tenant	NLA sqm	% NLA	Expiry	Rent Review
Commonwealth of Australia	1,265	20%	7 June 2025	Annual fixed
Defence Force Recruiting	1,275	20%	30 June 2023	Annual fixed



96 York Street, Beenleigh QLD

Property Overview and Strategy

- Modern newly constructed A-grade office property, with sustainability initiatives including solar panels and rainwater harvesting
- Located in a central government hub in Beenleigh, within 550 meters of the train station and easy connections to Brisbane and the Gold Coast
- Comprises seven floors of office accommodation, 4,009sqm leased to the Logan City Council for 10-years with two 5-year options
- The balance of the asset offers 174sqm of ground floor retail space and 478sqm of flexible office space and is covered by a two-year rental guarantee
- The property also benefits from 50 car parking spaces, of which 33 are leased to Logan City Council.

Strategy:

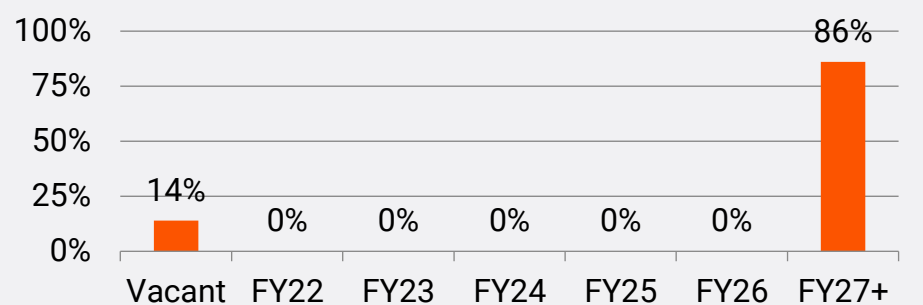
- Actively manage the relationship with the City of Logan and Department of Water
- Actively manage leasing opportunities for the small office suites and retail space on the ground floor

Property information as at	Time of acquisition
Acquisition value	\$35.52m
Capitalisation rate	5.75%
Net Lettable Area (sqm)	4,661
Occupancy (by NLA)	86.2%
WALE	10.0 years

Building constructed 2021

Note: Exchange occurred in July 2021 and settlement is expected in December 2021

Lease expiry profile (by NLA)



Tenant	NLA sqm	% NLA	Expiry	Rent Review
Logan City Council	4,009	86%	September 2031	Annual - greater of CPI and 3.0%
Rental guarantee	652	14%	December 2023	

Important notice and disclaimer

180
YEARS



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180
YEARS

